

REFERENCE TITLE: tax simplification; income tax repeal

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HB 2642

Introduced by
Representatives Murphy: Burges, Crump, Nichols, Pearce, Tobin, Yarbrough

AN ACT

AMENDING SECTION 42-5008, ARIZONA REVISED STATUTES; REPEALING SECTIONS 42-5009 AND 42-5010, ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES; REPEALING TITLE 43, CHAPTERS 10 AND 11, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-5008, Arizona Revised Statutes, is amended to
3 read:

4 42-5008. Levy of tax; purposes; distribution

5 A. There is levied and there shall be collected by the department, for
6 the purpose of raising public money, privilege taxes measured by the amount
7 or volume of business transacted by persons on account of their business
8 activities, and in the amounts to be determined by the application of rates
9 against values, gross proceeds of sales or gross income, as the case may be,
10 as prescribed by this article ~~and article 2 of this chapter~~.

11 B. THE TAX IS LEVIED AT A RATE OF _____ PER CENT OF THE GROSS
12 PROCEEDS OF SALES OR GROSS INCOME OF EVERY PERSON ENGAGING OR CONTINUING IN
13 BUSINESS IN THIS STATE. TO PREVENT EVASION OF THE TAX AND TO AID IN ITS
14 ADMINISTRATION, IT IS PRESUMED THAT ALL PERSONS ENGAGING OR CONTINUING IN
15 BUSINESS IN THIS STATE ARE SUBJECT TO THE TAX. THE TAX APPLIES TO THE TAX
16 BASE DERIVED FROM ALL TRANSACTIONS, WHETHER FROM SALES OR SERVICES, FROM
17 PRODUCTION, MANUFACTURING, WHOLESALE OR RETAIL OR FROM TRANSACTIONS INVOLVING
18 REAL OR PERSONAL, TANGIBLE OR INTANGIBLE OR CHOATE OR INCHOATE PROPERTY OR
19 RIGHTS TO PROPERTY.

20 C. _____ PER CENT OF THE TAX REVENUES COLLECTED AT THE RATE PRESCRIBED
21 BY SUBSECTION B OF THIS SECTION IS DESIGNATED AS DISTRIBUTION BASE FOR
22 PURPOSES OF SECTION 42-5029.

23 ~~B.~~ D. If any monies remain after the payments are made for state
24 purposes, as provided for by subsection A OF THIS SECTION, the remainder of
25 the monies shall be paid into the state school fund for educational purposes.

26 ~~C.~~ E. The tax levied by and collected pursuant to this article and
27 article 2 of this chapter is designated the "transaction privilege tax".

28 Sec. 2. Repeal

29 A. Sections 42-5009 and 42-5010, Arizona Revised Statutes, are
30 repealed.

31 B. Title 42, chapter 5, article 2, Arizona Revised Statutes, is
32 repealed.

33 C. Title 43, chapters 10 and 11, Arizona Revised Statutes, are
34 repealed.

35 Sec. 3. Conforming legislation

36 The legislative council staff shall prepare proposed legislation
37 conforming the Arizona Revised Statutes to the provisions of this act for
38 consideration in the forty-ninth legislature, first regular session.

39 Sec. 4. Intent

40 The legislature intends to increase transaction privilege tax revenues
41 and adjust the shared allocation of transaction privilege tax revenues to
42 counties, cities and towns solely to offset the loss of income tax revenues.
43 The intent of this act is to achieve revenue neutrality for this state and
44 for the counties, cities and towns that receive state shared transaction
45 privilege tax revenue.